

INSTRUMENT PREPARED BY
VIRGINIA GAS AND OIL BOARD

ORDER RECORDED UNDER CODE
OF VIRGINIA SECTION 45.1-361.26

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANTS: Welford Dotson)
Range Resources - Pine Mountain, Inc.)

RELIEF SOUGHT: Issuance of an Amended Supplemental)
Order Amending Prior Orders Affecting)
Drilling Unit VC-504484 Located in)
Dickenson County, VA)
(herein "Subject Drilling Unit" to Provide:)
(1) Calculation of Funds Unit Operator)
Deposited into the Escrow Account for)
Subject Drilling Unit by Tract Subaccount;)
(2) to Applicants a Royalty Accounting; and)
(3) Disbursement to Applicants in)
accordance with their ownership interests)
Those Funds Deposited by the Unit Operator)
into Subject Drilling Unit's Escrow)
Subaccount for VGOB Tract 2.)

DOCKET NO.
01-0821-0919-01

TAX MAP IDENTIFICATION
NUMBERS: TAX MAP
IDENTIFICATION NUMBERS
FOR ALL PARCELS AFFECTED
BY THIS ORDER ARE SHOWN
ON EXHIBIT(S) _____
WHICH IS/ARE ATTACHED TO
AND A PART OF THIS ORDER.

REPORT OF THE BOARD

FINDINGS AND ORDER

1. **Hearing Date and Place:** This matter came on for hearing before the Virginia Gas and Oil Board (herein "Board") at 9:00 a.m. on October 16, 2007 at the Southwest Virginia Higher Education Center on the campus of Virginia Highlands Community College, Abingdon, VA.
2. **Appearances:** James Kaiser, Esq. appeared for the Unit Operator; and Sharon M.B. Pigeon, Assistant Attorney General, was present to advise the Board.
3. **Jurisdiction and Notice:** Pursuant to Va. Code §§ 45.1-361.1 *et seq.*, and in particular Va. Code §§ 45.1-361.21 and 45.1-361.22, the Board finds that it has jurisdiction over the establishment and maintenance of an escrow account, with tract subaccounts, for each of the coalbed methane gas drilling units established by the Board through its field rules that are subject to a Board pooling order. Further, the Unit Operator is required to deposit, as applicable, those funds specified in Va. Code § 45.1-361.21.D., 45.1-361.22.A.2, 45.1-361.22.A.3 and 45.1-361.22.A.4 into the applicable escrow tract subaccounts. The Board finds that: (1) while it does not have jurisdiction to resolve conflicting claims to the ownership of the Coalbed Methane Gas produced by the Unit Operator from wells located on Subject Drilling Unit, and (2) while it does not have jurisdiction to interpret agreements by and between the Gas owners/claimants and/or the Unit Operators or to abridge or contravene the provisions of such agreements, (3) pursuant to Va. Code § 45.1-361.22.A.5, the Board does have jurisdiction and authority to disburse funds from the Escrow Account provided the Board has been provided with a final decision of a court of competent jurisdiction adjudicating the ownership of coalbed methane gas as between the conflicting claimants or an agreement among all claimants owning conflicting estates in the tract in question or any undivided interest therein.

4. **Prior Proceeding** On October 2, 2001, the Board executed its order pooling interests in the Subject Drilling Unit for the production of occluded natural gas produced from coalbeds and rock strata associated therewith (herein "Gas") in accordance with the provisions of Va. Code §§ 45.1-361.21 and 45.1-361.22 (herein "Pooling Order"). The Pooling Order was filed with the Clerk of the Circuit Court of Dickenson County on October 4, 2001 in Deed Book 368 at page 670. The Pooling Order was amended and supplemented by the Board's Supplemental Order regarding elections executed on February 13, 2002 that was filed with the Dickenson County Circuit Court Clerk's Office on February 25, 2002 in Deed Book 373 at page 077 ("Supplemental Order")(hereafter the Pooling Order and the Supplemental Order are collectively referred to as the Pooling Order). The Pooling Order named Equitable Production Company (Equitable) as Unit Operator.
- 4.2 To the extent claims to the Gas were in conflict, pursuant to Va. Code § 45.1-361-22 payments attributable to said conflicting claims were ordered deposited by the Unit Operator into the escrow account established by the Pooling Order (herein "Escrow Account"). According to the Pooling Orders the oil and gas owner coalbed methane claims of Welford Dotson and the coal owner coalbed methane claims of Pine Mountain Oil & Gas, Inc. (now Range Resources - Pine Mountain, Inc.) in a portion of a 6.33-acre tract known as VGOB Tract 2 in the Subject Drilling Unit were in conflict and became subject to the escrow requirements of the Pooling Order.
- 4.3 The Unit Operator's Miscellaneous Petition regarding VGOB Tract 2, a copy of which is attached to and made a part hereof, and testimony state under oath that Welford Dotson and Pine Mountain Oil & Gas, Inc. (now Range Resources - Pine Mountain, Inc.) have entered into an agreement and that by the terms of the agreement escrow regarding the conflicting claims of said parties is no longer required. By sworn testimony before the Board, the Unit Operator testified that VGOB Tract 2 and the interests of Welford Dotson and Pine Mountain Oil & Gas, Inc. (now Range Resources - Pine Mountain, Inc.) are subject to the agreement.
- 4.4 The Unit Operator gave notice to Welford Dotson and Pine Mountain Oil & Gas, Inc. (now Range Resources - Pine Mountain, Inc.) that the Board would take the application referred to in Paragraph 4.3 above under consideration and consider whether to: (1) amend the Pooling Order to provide for the disbursement of funds on deposit in the Escrow Account attributable to Tract 2 and the interests of Welford Dotson and Pine Mountain Oil and Gas Inc. (now Range Resources - Pine Mountain, Inc.); (2) delete the requirement that the Unit Operator place future royalties attributable to Tract 2 and the interests of Welford Dotson and Pine Mountain Oil & Gas, Inc. (now Range Resources - Pine Mountain, Inc.) in the Escrow Account, and (3) continue the escrow account under this docket number because parties other than those seeking disbursement under this order are subject to escrow.
- 4.5 The Unit Operator filed the attached accounting for Subject Drilling Unit's Escrow Account with the Board ("Accounting").

4. **Findings:**

5.1. Va. Code 45.1-361.22.5 provides:

The Board shall order payment of principal and accrued interests, less escrow account fees, from the escrow account to conflicting claimants within thirty days of receipt of notification of (i) a final decision of a court of competent jurisdiction adjudicating the ownership of coalbed methane gas as between them or (ii) an agreement among all claimants owning conflicting estates in the tract in question or any undivided interest therein. The amount to be paid to the conflicting claimants shall be determined based on the percentage of ownership interest of the conflicting claimants as shown in the operator's supplemental filing made part of the pooling order that established the escrow account, the operator's records of deposits attributable to those tracts for which funds are being requested, and the records of the escrow account for

the coalbed methane gas drilling unit. The interests of any cotenants who have not entered into an agreement shall remain in the escrow account.

5.2 Applicant has certified and represented to the Board that:

- (1) Welford Dotson is the owner of a share of oil and gas estate underlying VGOB Tract 2 of the Subject Drilling Unit;
- (2) Pine Mountain Oil & Gas, Inc. (now Range Resources - Pine Mountain, Inc.) is the owner of 100% of the coal-owner claim to coalbed methane underlying VGOB Tract 2 of the Subject Drilling Unit;
- (3) Welford Dotson and Pine Mountain Oil & Gas, Inc. (now Range Resources - Pine Mountain, Inc.) have entered into an agreement resolving their conflicting claims pertaining to ownership of CBM minerals and specifying that future revenues attributable to VGOB Tract 2 be paid directly to the owners according to the agreement.
- (4) Net interests to be disbursed and parties to whom the disbursements are due are shown in Table 1, below.

TABLE 1		
Owners	Tract #	% interest in 01-0821-0919 sub-account
Welford Dotson C/O June Stanley P. O. Box 1652 Clintwood, VA 24228	2	8.3333%
Range Resources - Pine Mountain Inc. P. O. Box 2136 Abingdon, VA 24212-2136	2	2.7778%

5. **Relief Granted:**

For the reasons set forth in Paragraph 4 and 5 above, and based upon the Accounting, the Escrow Agent is ordered to, within 10 days of receipt of this executed order, disburse funds attributable to VGOB Tract 2 and the interests of Welford Dotson and Range Resources – Pine Mountain, Inc. according to percentages shown in Table 1, above, and mail each recipients payment to the address shown in Table 1, above.

Exhibit E to the Pooling Orders, showing owners subject to escrow, is deleted in toto and replaced with the Exhibit E attached to this order. Further, the Order filed in this cause is hereby modified to delete any requirement that payments attributable to the conflicting coalbed methane gas ownership interests of Welford Dotson and Range Resources - Pine Mountain, Inc. in VGOB Tract 2 be deposited by the Unit Operator into the Escrow Account, and, because there are other owners subject to escrow under the Supplemental Order, the Escrow Agent is directed to continue the Escrow Account for Subject Drilling Unit. To the extent not specifically granted herein, any other or further relief is denied.

6. **Conclusion:**

Therefore, the requested relief and all terms and provisions set forth above in Paragraph 6 above be and hereby are granted and IT IS SO ORDERED.


7. **Appeals:**

Appeals of this Order are governed by the provisions of Va. Code § 45.1-361.9 which provides that any order or decision of the Board may be appealed to the appropriate circuit court and that whenever a


coal owner, coal operator, gas owner, gas operator, or operator of a gas storage field certificated by the State Corporation Commission is a party in such action, the court shall hear such appeal de novo.

8. **Effective Date:** This Order shall be effective on the date of its execution.

DONE AND EXECUTED this 5th day of December, 2007, by a majority of the Virginia Gas and Oil Board.

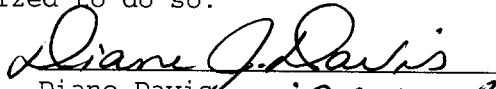

Chairman, Benny R. Wampler

DONE AND PERFORMED this 5th day of December, 2007, by an Order of this Board.


B. R. Wilson
Principal Executive to the Staff
Virginia Gas and Oil Board

STATE OF VIRGINIA)
COUNTY OF WASHINGTON)

Acknowledged on this 5th day of December, 2007, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny Wampler, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board, and B. R. Wilson, being duly sworn did depose and say that he is Principal Executive to the Staff of the Virginia Gas and Oil Board, that they executed the same and was authorized to do so.


Diane Davis
Notary Public 174394

My commission expires: 9/30/09

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANTS: Equitable Production Company on behalf of Welford Dotson and Pine Mountain Oil & Gas, Inc.

DOCKET NUMBER: VGOB 01/08/21-0919-01

RELIEF SOUGHT: Supplemental Order for Disbursement of Escrowed Funds on behalf of Welford Dotson and Pine Mountain Oil & Gas Inc.

LEGAL DESCRIPTIONS: Drilling Unit Number VC-504484 created by Board Order Dated February 25, 2002 VGOB 01/08/21-0919 in Dickenson County, Virginia.

HEARING DATE: October 16, 2007

MISCELLANEOUS PETITION

1. Party: Applicants herein are Welford Dotson, (hereinafter "Plaintiffs"), whose address is P.O. Box 1652, Clintwood, VA 24228-1652, and Pine Mountain Oil & Gas Inc.
2. Facts:
 - a. Equitable was designated as the Operator and Applicants interests were Pooled in the 504484 Unit by Order of the Virginia Gas and Oil Board (hereinafter "Board") executed on February 25, 2002, pursuant to Docket No. 01/08/21-0919 and recorded in the Circuit Court Clerk's Office Dickenson County, Virginia on February 25, 2002, Deed Book 373, Page 077 (hereinafter "Order").
 - b. The order and Supplemental Order required the Escrow Agent named and appointed therein to establish an interest-bearing escrow account for funds pertaining to the above-referenced Unit and subject to escrow pursuant to the terms of the Order.
 - c. The Order and Supplemental Order further required the Operator to deposit bonus and royalty payments with the Escrow agent which could not be made because the person(s) entitled hereto could not be made certain due to conflicting claims of ownership.
 - d. Pine Mountain Oil and Gas, Inc. was a conflicting claimant with the above-listed Plaintiffs with regard to Tract 2 as created by Board Order as VGOB 01/08/21-0919 is the applicable Tract.
 - e. To resolve this conflict, a Letter dated April 25, 2007 signed by Phil Horn, District Landman of Pine Mountain Oil and Gas, Inc. is attached hereto and incorporated herein as Exhibit "A".
 - f. The amounts deposited with the Escrow Agent regarding the Unit need to be determined and distributed accordingly.

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- g. Any escrow amount, not yet deposited into the escrow account, held by Operator should also be determined, and distributed to Applicants/Plaintiffs herein, accordingly.
- h. Applicants/Plaintiffs herein do hereby request that the Board enter amended supplemental order for the Unit directing the Escrow Agent and the Operator to disburse to the aforesaid Plaintiff the funds attributable to the previous conflicting claim with Pine Mountain, held in escrow for the VGOB number as listed above.
 - 1. The Applicants certify that the matters set forth in the application, to the best of their knowledge, information, and belief, are true and correct and that the form and content of the Application and conform to the requirements of relevant Board regulations and orders.
 - 2. Legal Authority: Va. Code Ann. §45.1-361.1 et seq., 4 VAC 25-160, and such other regulations and Board orders promulgated pursuant to law.
 - 3. Relief Sought: Applicants request that the Board issue amended supplement order amending all prior orders affecting the Unit which amended supplement order will provide as follows:
 - a. Determining the amount of funds attributable to the Applicants/Plaintiffs herein.
 - b. Directing the Escrow Agent to determine the amount of funds attributable to Applicants/Plaintiffs herein, provide an accounting hereof, and disburse the funds on deposit with the Escrow Agent, including any applicable interest, pertaining to the interest in the Unit shown above for distribution.
 - c. Directing the Operator to determine the amount of funds attributable to the Applicants/Plaintiffs herein, provide an accounting thereof, and disburse the units in its hands, if any, subject to escrow but not then on deposit with the Escrow Agent, including any applicable interest, at the time of the Supplemental Order requested therein is executed, attributable to the Applicants/Plaintiffs herein for distribution.
 - d. Directing the Operator to disburse the funds, including any applicable interest, and provide an accounting thereof, which it may receive after the date of the execution of the amended supplemental order requested in the Application, if any, attributable to the Applicants/Plaintiff herein, and to discontinue the payment of such funds into Escrow.

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- e. Granting such other relief as is merited by the evidence and is just and equitable whether or not such relief has been specifically requested herein.

Dated this 14th day of September, 2007.

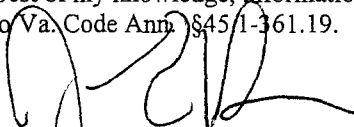
By: 

Petitioner

Address: 220 Broad Street
Kingsport, TN 37660

CERTIFICATE

The foregoing application to the best of my knowledge, information and belief is true and correct. Notice was given pursuant to Va. Code Ann. §45-1-361.19.


Petitioner

Docket Number VGOB 01/08/21-0919

VC-504484
VGOB 01/08/21-0919

Tract	Owner Name and Address	Split %	Owner Net Interest	Total Net Escrowed Interest 5/31/07	Total Amount in Escrow	Owner % of Escrow	Owner's Amount in Escrow 5/30/07
2	Welford Dolson Rt. 2 Box 315 Coeburn, VA	75%	0.00112187	0.01346250	Bank Total - \$3132.15	8.33331476%	\$ 261.01
2	Pine Mountain Oil & Gas PO Box 2136 Abingdon, VA 24212-2136	25%	0.00037396	0.01346250	Equitable Total - \$3132.15 Bank Total - \$3132.15 Equitable Total - \$3132.15	2.77777159%	\$ 261.01 \$ 87.00 \$ 87.00

PINE MOUNTAIN
Oil and Gas, Inc.

406 W. Main Street
P.O. Box 2136
Abingdon, Virginia 24212
Phone: (276) 628-9001
Fax: (276) 628-7246



April 25, 2007

Ms. Nikki Atkison
Equitable Production Company
225 North Shore Drive
Pittsburgh, PA 15212

Re: Permanent Split of Royalty
VC-504248, VC-504484, VC-505241 and any future CBM Wells
Welford Dotson, et al 32.50 acre tract
Dickenson County, Virginia

Dear Ms. Atkison:

Enclosed is a copy of a letter dated April 10, 2007, between Pine Mountain Oil and Gas, Inc. and Ronnie and Welford Dotson where the parties have agreed to a 75%/25% permanent split of escrowed royalty and all future royalty from the above wells and any other CBM wells that include a portion of the above 32.50 acre tract. So please release the escrowed royalty to Mr. Dotson and Pine Mountain Oil and Gas, Inc. and begin making all future payments to above parties.

By copy of this letter, we are notifying Welford Dotson of our action on this matter. If you have any questions or comments, please do not hesitate to contact me by phone at (276) 628-2583 or by e-mail at phorn@gl-energy.com.

Sincerely,

PINE MOUNTAIN OIL & GAS, INC.

Phil Horn
District Landman

Enclosures
cc: Welford Dotson

PINE MOUNTAIN
Oil and Gas, Inc.

P.O. Box 2136
406 West Main Street
Abingdon, Virginia 24212
Phone: (276) 628-9001
Fax: (276) 628-7246

Welford Dotson

Care Of:

June Stanley

1870 Rockhouse Road

Coeburn, Virginia 24230

BK 446PG 691



April 10, 2007

Re: Permanent Split of CBM Royalty
Welford Dotson 32.5ac
Wells VC-504248, VC-504484, VC-505241
Dickenson, Virginia

Dear Mr. Dotson and Ms. Stanley:

As you are aware, Equitable Production Company ("EPC"), has drilled the referenced coalbed methane gas wells on a tract of land (the "Property" or "Subject Tract") in which Pine Mountain Oil and Gas, Inc. ("PMOG") owns the coalbed methane gas through its deed from the former coal owner underlying the Property and you own an undivided interest in the gas. The above has created conflicting claims as to the ownership of the coalbed methane gas on the Subject Tract between ("PMOG"), as the owner of the coalbed methane gas through its deed from the former coal owner, and you, as the owner of an undivided interest in the gas. Plats indicating the location of the wells within the operating units are enclosed for your reference.

Due to our conflicting interests in the Subject Tract, EPC, as operator of the unit, has placed all royalty proceeds attributable to our conflicting interests into an escrow account. These royalty proceeds will remain in the escrow account until either a final legal determination of our conflicting claims to the coalbed methane gas is made or we reach an agreement on the division of the royalty proceeds. The most economical and expedient way to secure a release of the escrowed funds is for us to enter into an agreement which sets forth how the funds are to be distributed. Accordingly, in order to avoid the expense and time required to resolve the ownership question through the courts, PMOG proposes resolving this matter by the agreement described below. Such an agreement will allow us to request distribution of the proceeds presently held in the escrow account and direct payment of all future proceeds.

PMOG proposes that you receive disbursement of 75% of the proceeds held in the escrow account on the above-mentioned wells and that PMOG receive disbursement of 25% of the proceeds held in the escrow account on the above-mentioned wells. PMOG proposes the same percentage division for all future production payments which may accrue to our conflicting interests from the above-mentioned wells. PMOG will, at its sole expense, pursue the administrative process required to secure release of the proceeds held in the escrow account and will absorb all future costs of administering this letter agreement. None of these expenses and costs will be deducted from your 75% of the royalty proceeds. It is also agreed that the royalty from any future coalbed methane gas wells drilled upon the subject tract or upon other lands in which the subject tract is pooled therewith will be permanently split in the same 75%/25% proportion.

April 10, 2007

Page 2 of 3

BK 446PG 692

If this division of proceeds is agreeable with you, PMOG will diligently pursue the administrative processes required to secure release of the proceeds in the escrow account to you and PMOG. You will be provided with copies of the correspondence to EPC, requesting distribution of the escrowed funds as well as the directive to EPC to pay all future royalties and other benefits attributable to our conflicting interests in the same 75% / 25% proportion.

This letter agreement effects a permanent division of the accrued, suspended or escrowed royalty payments and all future royalty payments on the above-mentioned wells and future wells which is binding upon you, your heirs and assigns and PMOG and its successors and assigns. By entering into this agreement, the parties agree to refrain from making any claim or bringing any suit against the other party attacking the other party's coalbed methane interests set forth in this letter agreement. It is expressly agreed by the parties hereto that the division of the accrued, suspended or escrowed royalty payments and all future royalty payments on the above-mentioned wells shall remain subject to this letter agreement, regardless of any subsequent judicial determination of ownership of coalbed methane in the Commonwealth of Virginia. Provided, however, nothing contained in this letter agreement shall change or alter the parties' common law rights and liabilities or the legal title to their respective coal and gas estates.

By entering into this letter agreement, you confirm that you are the current record title owner of an undivided interest in the gas estate underlying the tract attributed to Welford Dotson 32.5ac on the enclosed plats. If you are not the current gas owner, please notify us immediately.

By accepting the terms and conditions of this letter agreement, you are directing EPC to disburse royalties in accordance with this agreement. It is understood and agreed that no other terms or conditions of your lease with EPC are affected by this letter agreement.

Please evidence your agreement to these terms by signing this letter agreement on the line indicated below and returning this letter agreement to PMOG in the enclosed self-addressed, stamped envelope. If you have any questions, please do not hesitate to call Phil Horn at 276-619-2583.

Sincerely,

PINE MOUNTAIN OIL AND GAS, INC.



Phil Horn
District Landman

Enclosures

AGREED TO AND ACCEPTED BY

BY: Welford Dotson
WELFORD DOTSON

PINE MOUNTAIN OIL AND GAS, INC.

BY: Phil Horn
PHIL HORN
DISTRICT LANDMAN

STATE OF VIRGINIA

COUNTY OF DICKENSON, to-wit:

I, Tracey Baker, a Notary Public in and for the State and County aforesaid, do hereby certify Welford Dotson, whose name is signed to the writing hereto annexed, have this day acknowledged the same before me, in said County and State.

Given under my hand and notarial seal this the 20th day of April, 2007.

My commission expires October 31, 2008.

Tracey Baker
Notary Public

COMMONWEALTH OF VIRGINIA

COUNTY OF WASHINGTON, to-wit:

I, Baron A. Anderson, a Notary Public in and for the State and County aforesaid, do hereby certify that Phil Horn, District Landman for Pine Mountain Oil and Gas, Inc., whose name as such is signed to the writing hereto annexed, bearing date the 10th day of April, 2007, has this day, before me, in my said County acknowledged the said writing on behalf of said corporation.

Given under my hand and notarial seal this the 10th day of April, 2007.

My commission expires 3/31/2011.

Baron A. Anderson
Notary Public

BK 446PG 694

EXHIBIT "E"
VC-504484
VGOB 01/08/21-0919

TRACT	LESSOR	LEASE STATUS	INTEREST WITHIN UNIT	GROSS ACREAGE IN UNIT	NET REVENUE INTEREST
<u>Gas Estate Only</u>					
2	Imogene Adkins Box 266 Clintwood, VA 24228	Unleased	0.299167%	0.1758	0.00037396
TAX ID 4158 4506 13414	Dudley Redden Unknown	Unleased	0.099722%	0.0586	0.00012465
	Tim Redden Unknown	Unleased	0.099722%	0.0586	0.00012465
	Angela Redden Unknown	Unleased	0.099722%	0.0586	0.00012465
	Edith A. Goodman, widow Unknown	Unleased	0.299167%	0.1758	0.00037396
	Bruce Adkins and Norma Adkins, H/W Unknown	Unleased	0.299167%	0.1758	0.00037396
	Curtis Bise and Mable Bise, H/W 4218 Highway 144 South Glen Rose, TX 76043	Deemed Leased	1.196667%	0.7033	0.00149583
	Lorene Wells and Ralph Wells, W/H Unknown	Unleased	1.196667%	0.7033	0.00149583
	Larry Houston, single 1591 Muddy Creek Road Blountville, TN 37617	Deemed Leased	1.196667%	0.7033	0.00149583
	Selma Adkins Unknown	Unleased	1.196667%	0.7033	0.00149583
	Bill Nash, Single Unknown	Unleased	1.196667%	0.7033	0.00149583

VIRGINIA: IN THE OFFICE OF THE CLERK OF THE CIRCUIT COURT OF DICKENSON COUNTY, Dec-17, 2007. This deed was this day presented in said office, and upon the certificate of acknowledgment thereto annexed, admitted to record at 2:32 o'clock P.M., after payment of \$ tax imposed by Sec. 58.1-802.

Original returned this date to: DMME

TESTE: JOE TATE, CLERK
 BY: Tracey Barber D. CLERK